

claim for refund with respect to the items to which the election relates.

[T.D. 7195, 37 FR 13535, July 11, 1972, 37 FR 14230, July 18, 1972 as amended by T.D. 7578 43 FR 59355, Dec. 20, 1978; T.D. 7605, 44 FR 18970, Mar. 30, 1979; T.D. 7689, 45 FR 20796, Mar. 31, 1980; T.D. 7810, 47 FR 6003, Feb. 10, 1982; T.D. 8607, 60 FR 40077, Aug. 7, 1995]

§ 1.218-0 Deduction for political and newsletter fund contributions.

See §§ 1.41-0A through 1.41-8A for regulations that apply to section 218.

(Secs. 41(b)(3), 218(b)(2) and (c), and 7805 of the Internal Revenue Code of 1954 (26 U.S.C. 41(b)(3), 218(b)(2), (c), 7805))

[T.D. 7603, 44 FR 18223, Mar. 27, 1979, as amended by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.219-1 Deduction for retirement savings.

(a) *In general.* Subject to the limitations and restrictions of paragraph (b) and the special rules of paragraph (c)(3) of this section, there shall be allowed a deduction under section 62 from gross income of amounts paid for the taxable year of an individual on behalf of such individual to an individual retirement account described in section 408(a), for an individual retirement annuity described in section 408(b), or for a retirement bond described in section 409. The deduction described in the preceding sentence shall be allowed only to the individual on whose behalf such individual retirement account, individual retirement annuity, or retirement bond is maintained. The first sentence of this paragraph shall apply only in the case of a contribution of cash. A contribution of property other than cash is not allowable as a deduction under this section. In the case of a retirement bond, a deduction will not be allowed if the bond is redeemed within 12 months of its issue date.

(b) *Limitations and restrictions—(1) Maximum deduction.* The amount allowable as a deduction under section 219(a) to an individual for any taxable year cannot exceed an amount equal to 15 percent of the compensation includible in the gross income of the individual for such taxable year, or \$1,500, whichever is less.

(2) *Restrictions—(i) Individuals covered by certain other plans.* No deduction is

allowable under section 219(a) to an individual for the taxable year if for any part of such year:

(A) He was an active participant in:

(1) A plan described in section 401(a) which includes a trust exempt from tax under section 501(a),

(2) An annuity plan described in section 403(a),

(3) A qualified bond purchase plan described in section 405(a), or

(4) A retirement plan established for its employees by the United States, by a State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing, or

(B) Amounts were contributed by his employer for an annuity contract described in section 403(b) (whether or not the individual's rights in such contract are nonforfeitable).

(ii) *Contributions after age 70½.* No deduction is allowable under section 219 (a) to an individual for the taxable year of the individual, if he has attained the age of 70½ before the close of such taxable year.

(iii) *Rollover contributions.* No deduction is allowable under section 219 for any taxable year of an individual with respect to a rollover contribution described in section 402(a)(5), 402(a)(7), 403(a)(4), 403(b)(8), 408(d)(3), or 409(b)(3)(C).

(3) *Amounts contributed under endowment contracts.* (i) For any taxable year, no deduction is allowable under section 219(a) for amounts paid under an endowment contract described in § 1.408-3(e) which is allocable under subdivision (ii) of this subparagraph to the cost of life insurance.

(ii) For any taxable year, the cost of current life insurance protection under an endowment contract described in paragraph (b)(3)(i) of this section is the product of the net premium cost, as determined by the Commissioner, and the excess, if any, of the death benefit payable under the contract during the policy year beginning in the taxable year over the cash value of the contract at the end of such policy year.

(iii) The provisions of this subparagraph may be illustrated by the following examples:

Example 1. A, an individual who is otherwise entitled to the maximum deduction allowed under section 219, purchases, at age 20,